

Part II Outline
for Management of Foreign Relations with the Foundation
of the New Manchuria-Mongol State.

As regards the appearing of New Manchuria-Mongol State, we should like to lead it so as she would make a steady development after fulfilling her internal affairs first of all, and then gradually make a step towards the development of foreign relations, especially of treaty or recognition of the state in consideration of that the foreign relations of our Empire and the New State should be hampered as little as possible. Therefore,

(1) Towards the new state, our Empire should render all sorts of aids as much as possible in proper ways, instead of giving the recognition based on International Public Laws for the time being, and lead her to fulfill the substantial conditions for an independent state step by step, and try to give the chance of her being recognized internationally.

(2) As to the relations between the new state and our Empire, or the third countries, we make her take the ways of respecting already provided treaties, and let her declare the plan of keeping with the Open-door and Equal Opportunity principles so as she can avoid the intervention of powers.

(3) The seizure of the customs houses and salt-tax collecting organs by the new state should be dealt with the consideration not to bring about troubles in foreign relations, deliberating such points as those that the international interests or the organs above said are complicated and especially DAIDEN customs being located in the area of our government, the approval of its seizure will exert an extremely unfavorable influence upon our Empire's foreign relations.

(4) We should make as much efforts to establish factual contact with the new state by unofficial ways as possible, (the procedures of private law contract may be taken as principle, and especially that of local agreement between our despatched officials and the new state or her officials may be carried out), and try for the realization and enlargement of our interests as well as for the formation of actually accomplished status.

(5) Regarding our seizure of real military power, we should try to establish accomplished status according to the right of subjugating bandits and the policy of protecting Empire subjects which were recognized by the League Council.

(6) Regarding our grasp of real power on foreign and home affairs, we should let her appoint small number of Japanese as the officials or councillors at first which may be enlarged gradually later.

(7) As soon as the policies of our government are decided as described above, we should inform our despatched officials of the matter and make them take their best efforts to lead the new state.

Part III Problems that demand urgent Solution among the Miscellaneous Problems Raised simultaneously with the Foundation of the New Manchuria-Mongol State.

The Basic Plan for Management of Foreign Relations accompanying the Foundation of New Manchuria-Mongol State has been decided by Cabinet Meeting. In the various problems accompanying the establishment of the above-mentioned state, the following problems should be disposed of as according to report in enclosure.

- (1) The plan of dealing with the Manchurian Custom Office.
- (2) The plan of dealing with the salt-tax collecting organs in Manchuria.
- (3) The succession of old treaties and foreign debts by the new state.
- (4) The communication problems of mail (including exchange) and telegram between the new state and Japan or other third countries.
- (5) The appointment of Japanese officials in the new state government.

The Plan of Dealing with the Manchurian Maritime customs.

In dealing with the Manchurian Maritime customs of the new state:

(a) The existing maritime customs in China were organized based on agreements on several occasions since 1854 between China and foreign countries, and China has the obligation not to change this system until 1943;

(b) The fact that powers attach great importance on the preservation of this Chinese custom system, and that Britain especially has maintained it as one of the three basic policies toward China together with the preservation of the Shanghai Concession and trade in the main part of China;

(c) The customs' income has been used as security for Chinese debts to foreign countries which had been often made and which had amounted to a huge sum;

(d) Our government is unable to instruct the Kwantung Government to approve the seizure of Dairen customs by the new state before Japan's recognition of the state, on account of the Established Pact of Dairen Customs in 1907.

The above-mentioned problems should be carefully considered. Therefore, in planning for the disposition of the Manchurian Maritime Customs, the first plan of the following two plans may be better in view of strategy towards foreign countries. The second plan may be considered only when the first plan fails to be carried out after extreme efforts.

First Plan

The Customs organization in Manchuria may reserve its present system but aside from the security for foreign loans, the income from maritime customs

throughout Manchuria including DAIREN, should be seized by the new state. A conference should be held with the Customs General to approve this plan.

Although the plan may be extremely difficult because of the relations between Nanking Government and the new state, if this negotiation can be concluded, the latter would be able to get all the excesses of custom duty of Dairen which corresponds to almost half of all the excesses in the Manchuria customs. Moreover, it would bring about advantageous results in foreign relations concerning the problem of preserving the Chinese custom system.

Second Plan

Seize all Manchuria customs except that of Dairen but the income allotted as security of foreign debts should be sent to the Customs General or deposited in a bank in view of respecting foreign security rights.

The plan of establishing new custom stations on the border of the Kwantung Leased Territory must not be carried out, as it will bring about the problem of duplex taxation for the goods passing through Dairen and consequently it may impose considerable damage to Port Dairen and to South Manchurian Railway and may cause unfavorable results concerning other problems. In place of this plan, the income allotted as security for foreign loans of all customs in Manchuria except that of Dairen, would not be sent to the Customs General or deposited in the bank but would be taken by the new government to balance the income of the Dairen custom, since the excess income of Dairen should be the income of the new state.

Furthermore, in case the custom-stations are seized, foreigners employed by the custom offices who want to remain on the post shall be employed after selection and should be re-employed after breaking off with the Nanking government completely. (Pension, etc. must be considered.) However, if the Nanking Government opposes the seizure of customs by the new state and dismiss Japanese officials (approximately 200) employed in the custom stations in China proper, the new state can consider dismissing the foreigners in the Manchurian customs and replace them with Japanese.

The Plan of Dealing with the Salt-tax
Collecting Organs in Manchuria.

The salt-tax system in China was established according to Article 5 of Stabilization Loan Contract concluded between China and the five loan parties, Japan, Britain, France, Russia and Germany in 1913. However, the present salt-collecting organs have been almost entirely taken over by the China government, so there would be little fear of raising the trouble concerning the preservation of the systems as in the customs, even if the new state may begin to take over the organs. But since the income of the salt-tax is used as security for the huge accumulated foreign debts, it should be dealt with the same spirit as that of the maritime customs in view of the fact that security rights of foreign creditors should be respected.

(The new state of Manchuria, since the end of last year, has left the salt-collecting organs as before but after sending the income allotted to the repayment of foreign debts, have kept for themselves the remainder of the income.)

The Succession of Old Treaties and Foreign
Debts by the New State.

1. Even if the new state is founded, she can not enter treaty relations with Japan and other powers logically, pending recognition by Japan and other countries. But for the purpose of facilitating foreign relations in the future of the new state;

(a) The relations between the new state and Japan or third parties should be regulated according to old treaties or pacts concluded between China and Japan, China and third countries, and between powers of which China is a member.

(b) The liabilities of the old North Eastern Regime of China which ought to be succeeded according to international laws or customs should be succeeded by the new state.

(c) The liabilities of the Central Government of China whose security property is located in Manchuria should be succeeded by the new government, but the security property scattered outside of Manchuria should be succeeded according to a certain ratio.

In order to give reassurance to powers as well as to expedite dealings of international problems, the new state should be guided to announce these purports when it is established.

2. In the future, with the development of the new state, treaty relations should be adjusted to suit the circumstances.

E-224

The Communication of Mail (including exchange)
and Telegram Between the New State and Japan
or Third Countries.

1. When the new state is established, mail within the state and mail to be sent outside the state may require the need of issuing new stamps and making other revisions. Mail within the state would not cause any trouble but communication with foreign countries would be stopped if the foreign countries would not recognize the new state so as the new state can be admitted to the international treaty. Therefore, pending such a period where communications with foreign countries would cease due to non-recognition of the new state by Japan and other powers, she should abide by the traditional customs in communicating to and from foreign countries under the principle that, in reality, she has succeeded the international treaties concerning mail communications and also mail treaties between Japan and China.

2. As regards telegram communications, she should abide by the prevailing customs to communicate to Japan. Besides as to the communication to third countries, she should continue to communicate, as much as possible, according to the prevailing means in regards to fees and sending messages through Japan or the Mukden Telegram Station.

The Appointment of Japanese Officials by
the New State

On this subject, we should adhere to the conception that the foundation of the New Manchuria-Mongol State was the will of 30,000,000 people in North-Eastern China, and it is necessary, for the future development of the new country, to impress foreign powers that Japan is not manoeuvring behind the new state.

The appointment of too many Japanese to prominent positions as officials or councillors from the beginning of the foundation of the new state may stimulate the claim that the new state is nothing but a proctorate of Japan. Theoretical explanations can deny this but at any rate, realistically, it may impress otherwise.

And as to the control of the new state by Japan, it can be carried out with military power for the time being. It would be to the benefit of the new state in her future foreign relations to increase the number, formal capacity, and authority of the Japanese in the new government organizations gradually.

Therefore: The appointment of Japanese

1. To prominent positions of the new state organization should be limited to as few as possible at first, without hampering the administration of the

state. And thus we should not make it appear that important government posts of the new state are exclusively filled by Japanese. (It will be a worthy plan to employ suitable foreigners other than Japanese as officials or councillors of the new state.)

2. Japanese government officials who want to become officials of the new state should be appointed after resigning from their previous government offices and jobs.